

Los Alamos National Laboratory ³/₄ Supplemental Instructions

Section: 1 **General Policies**

Subject: 1.3 **Ratification of Unauthorized Commitments**

PROCEDURES:

Processing a Ratification

Upon identification of an unauthorized commitments, the procurement specialist must

- Notify the requester of the prohibition in Administration Manual (AM) 601.15 against making an unauthorized commitment;
- Inform the requester of the proper procedures for initiating a purchase request and processing a subcontract; and
- Request that a purchase request and written justification recommending ratification of the unauthorized commitment be submitted by the requester to Procurement.

Justification

The requester must provide a written statement to Procurement that

- Describes the circumstances surrounding the unauthorized commitment;
- Justifies the need to ratify the commitment and use of Laboratory funds to pay the subcontractor;
- Provides an appropriate sole-source justification for unauthorized commitments exceeding \$100,000; and
- Contains concurrence from the requester's management (see below) to ratify the commitment.

Line Management Authorization

Ratifications Involving Work On-Site — All ratifications involving work on-site must be authorized by the requester's division-level manager, regardless of the dollar value.

First-Time Occurrences of \$1,000 or Less — For a known first-time offense of an unauthorized commitment of \$1,000 or less, no authorization is necessary from the employee's line manager. The procurement specialist must verbally inform the employee of Laboratory policy prohibiting unauthorized commitments (see Subject 601.15 of the Administrative Policies and Procedures Manual) and the proper procedures for processing a purchase request.

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First-Time Occurrences Exceeding \$1,000 — For all other unauthorized commitments, the following authorizations are necessary before ratification can be approved:

For Subcontracts Exceeding...	Authorization Is Required From The Requester's...
\$1,000 up to \$25,000	Group or Office Leader
\$25,000	Division-level manager

Repeat Occurrences — Repetitive occurrences of unauthorized commitments by a Laboratory employee must be approved by the requester's division-level manager, regardless of the dollar value.

Authorizing A Ratification

Before a ratification is authorized, the following factors must be considered to determine whether ratification of the unauthorized commitment is appropriate:

- Do circumstances exist that prevent award of the subcontract?
- Do substantive legal issues exist that would prohibit ratification?
- For unauthorized commitments exceeding \$100,000, can a sole-source subcontract be justified?
- Is the subcontractor debarred or otherwise ineligible to receive a subcontract (see SP 9.2, Debarment, Suspension, and Ineligibility)?
- Does an organizational or personal conflict of interest exist (see SPs 3.4, Personal Conflicts of Interest, and 9.3, Organizational Conflicts of Interest)?
- Have the goods or services been provided to and accepted by the Laboratory?
- Is the proposed price fair and reasonable?
- Is ratification in the best interest of the Laboratory?

REVIEWS/APPROVALS:

Procurement Specialists

Procurement specialists may approve a ratification of \$1,000 or less.

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**Procurement Team
Leaders**

Procurement team leaders may approve ratifications within their delegated procurement authority (see SI 1.2, Delegations of Authority).

**Procurement
Manager**

The Procurement Manager must approve all ratifications exceeding the procurement team leader's authority.

RESPONSIBILITIES:

**Procurement
Specialist**

The procurement specialist must

- Notify the requester of the prohibition against Laboratory personnel making written or oral commitments to vendors, regardless of whether a subcontract already exists;
- Working with the requester to develop the appropriate documentation to substantiate the need for ratifying an unauthorized commitment; and
- Reporting repetitive occurrences of unauthorized commitments by a Laboratory employee to Procurement management.

REFERENCES:

Standard Practice 1.3
Administrative Policies and Procedures Manual, 601.15